

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
Developing a Unified Intercarrier	)	
Compensation Regime	)	CC Docket No. 01-92

**Reply Comments of  
Rock Hill Telephone Company d/b/a Comporium Communications,  
Lancaster Telephone Company d/b/a Comporium Communications  
and Fort Mill Telephone Company d/b/a Comporium  
Communications (Comporium)**

Comporium

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## SUMMARY

Comments to the FCC demonstrate that the Commission's new intercarrier compensation regulations should provide for embedded cost-based rates that recognize the value of network investment. Likewise, there is considerable agreement among the commenters that bill and keep is only appropriate when network costs are equal, and would be harmful to rural carriers who typically have above-average costs.

Several commenters agree that default regulations, when accompanied by provisions for negotiated agreements, provide economic efficiency and promote efficient competition. Comporium and others support a new regime containing a framework of baseline regulations, but allowing negotiated access agreements, and believe this will create and sustain the competitive access environment desired by the Commission.

However, competitive and economic efficiencies must not be lionized at the expense of the Commission's universal service goals and obligations. End users living in sparsely populated areas of the country rely on basic telephone service that in turn is dependent on universal service support mechanisms. These customers must not be forced to bear the entire burden of any undue shift in cost recovery that will likely occur with intercarrier compensation reform. Comporium and numerous other commenters support the creation of a non-portable cost recovery fund similar to USF that will offset any access revenue lost by rural carriers when new regulations are adopted.

Comporium and numerous commenters agree that competitively and technologically neutral reform can best be achieved with a revenue-neutral, capacity-based compensation regime that allows carriers to fully recover embedded costs. Traffic type, jurisdiction and technology become irrelevant when access to the public switched network is determined by traffic volume or

bandwidth requirements. Also, if rural carriers know the revenue they receive for access to their networks will be related to actual costs incurred, they will be encouraged to make future investments enabling access to advanced services and advanced service providers.

Finally, Comporium and others believe the Commission has the ultimate authority to implement a new compensation system encompassing all jurisdictions. Although we do perceive strong value in a state-federal collaborative process, and would encourage the Commission to initially take this approach to new regulations, precedent exists for the Commission to act independently when in the public interest.

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Company d/b/a Comporium Communications, and Fort Mill Telephone Company d/b/a  
Comporium Communications (Comporium)**

**I. INTRODUCTION**

Rock Hill Telephone Company d/b/a Comporium Communications, Lancaster Telephone Company d/b/a Comporium Communications, and Fort Mill Telephone Company d/b/a Comporium Communications (collectively “Comporium”) hereby submit these reply comments to the Federal Communications Commission (“FCC” or “Commission”) in response to the Further Notice of Proposed Rulemaking in the above-referenced proceeding.<sup>1</sup>

The Comporium companies are rural local exchange carriers (“RLECs”) that provide wireline telephone service to over 100,000 access lines in portions of York, Lancaster, Chester and Kershaw counties in the South Carolina Piedmont region. The Comporium companies are rural telephone companies as defined in 47 U.S.C. § 153(37). The Comporium companies and their affiliates provide a wide array of services, including dial-up and high-speed Internet, wireless service, long distance, and video services to rural consumers in addition to traditional telephone service.

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<sup>1</sup> In the Matter of Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92.

Comporium is in agreement with numerous commenters on the principles that should guide the Commission's intercarrier compensation reform efforts. The record strongly indicates cost-based compensation is vital to the integrity and survivability of the public network. The Commission should adopt, on a revenue-neutral basis, regulations with capacity-based access charges as the cornerstone. Although bill and keep reform has some support within the industry, it places in harm's way the delicate balancing act rural carriers have achieved between end user rates, intercarrier compensation and high-cost subsidies.

## **II. BILL AND KEEP WOULD BE HARMFUL TO RURAL CARRIERS**

Under a bill and keep arrangement, each carrier involved in the origination and termination of traffic bills its own customers and keeps all revenue without compensating the other carrier for terminating traffic. A substantial number of commenters agree that bill and keep would not promote the economic efficiency sought by the Commission, and would be particularly harmful to rural carriers. As pointed out by the Coalition for Capacity-Based Access Pricing (CCAP), carriers who must build and invest in networks are given a disincentive to do so when they must also surrender it for free to those wishing to utilize it.<sup>2</sup> CenturyTel, Inc. comments that, "Making the ILEC networks available for no charge or below cost to other carriers and Internet service providers (ISPs) will discourage deployment of alternative network facilities and stimulate usage of the ILECs' networks, increasing ILECs' costs without any reasonable assurance that those costs will be recovered."<sup>3</sup>

Unless the traffic exchanged between carriers is equal in volume, and the carriers exchanging traffic have identical network costs, a bill and keep regime would also create other

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<sup>2</sup> Coalition for Capacity-Based Access Pricing (CCAP), pp. 11-12.

<sup>3</sup> CenturyTel, Inc., p. 17.

types of arbitrage opportunities. To place a zero cost on the use of a carrier's network creates spurious economic incentives for carriers originating high volumes of traffic to overuse the networks of other carriers. There is considerable agreement that a carrier originating traffic for ultimate termination on other networks must compensate the other carriers for the termination of that traffic. The value of ensuring the completion of calls or the termination of traffic must be recognized in a new intercarrier compensation regime.

Notwithstanding the certain harm rural carriers would experience in a bill and keep regime, there is considerable opposition and reluctance to fully embrace bill and keep by state regulators and other industry members.<sup>4</sup> Comporium and a host of others strongly agree that bill and keep is not an economically efficient solution and urge the Commission not to adopt a new compensation regime where bill and keep is the central tenet.

### **III. THE RECORD STRONGLY SUPPORTS COST-BASED, REVENUE NEUTRAL INTERCARRIER COMPENSATION**

#### **A. Cost-based Compensation**

Comporium agrees with numerous other commenters that intercarrier compensation rates should be calculated using the embedded cost methodology. "Any reform to intercarrier compensation for rural carriers must reflect the diversity of cost between rural and non-rural carriers, and among the subset of rural carriers."<sup>5</sup> In rural areas the many fixed costs inherent to any telecommunications network must be recovered from a less dense subscriber base. As previously recognized by the Commission, rate-of-return carriers generally serve high-cost

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<sup>4</sup> BellSouth Corporation, pp. 9-12; Cincinnati Bell Inc. p.9; Frontier Communications, p. 6; KMC Telecom, Inc. and Xspedius Communications, LLC p. 4; Maine Public Utilities Commission and Vermont Public Service Board pp. 3-4; National Association of Regulatory Utility Commissioners, pp. 3-4; New Jersey Division of the Ratepayer Advocate, pp. 4-5; North Dakota Public Service Commission, p. 2; Public Utilities Commission of Ohio p. 17, South Dakota Public Utilities Commission, p.5; XO Communications, Inc. pp. 14-16.

<sup>5</sup> GVNW Consulting, Inc., p. 31.

regions and are “more dependent on their interstate access charge revenue streams and universal service support than price cap carriers and, therefore, more sensitive to disruption of those streams.”<sup>6</sup> Also, as noted by Interstate Telecom Consulting, Inc., “Rural wireline networks not only serve customers and remote areas unlikely to be reached by wireless carriers or VoIP providers for some time, but also furnish essential facilities to wireless carriers and VoIP providers in areas where they are present.”<sup>7</sup>

“The use of embedded costs properly recognizes that rural ILECs have, through industry agreement, regulatory rulings and incentives, or legislative requirements, already taken on the cost burden of providing the kind of infrastructure, which allows the services of all competing carriers to reach rural America.”<sup>8</sup> “Any provider that uses the PSTN should pay their appropriate share of the costs of that network.”<sup>9</sup> Comporium and many others assert that a compensation regime must be structured so that carriers, especially rural carriers, can expect access compensation to be based on the recovery of embedded network costs.

## **B. Capacity-based Access**

Our industry continues to evolve from circuit switched to packet transmission technology. Comporium and other commenters agree that a flat-rated or capacity-based access charge should be the future form of intercarrier compensation. A capacity-based compensation regime, where the volume of traffic one carrier sends to another, and not the jurisdiction of that traffic, determines the originating carrier’s cost, will practically eliminate the arbitrage

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<sup>6</sup> John Staurulakis, Inc. (JSI), p. 5 (Referencing MAG Order at para. 131)

<sup>7</sup> Interstate Telcom Consulting, Inc., p. 9.

<sup>8</sup> ICORE, Inc., p. 6.

<sup>9</sup> Colorado Telecommunications Association, Oregon Telecommunications Association, and Washington Independent Telephone Association (“Rural Associations”), p. 40.



associated with circuit-switched traffic. Comporium agrees with the CCAP that “as time progresses and the telecommunications marketplace continues to migrate to IP-based services, an intercarrier compensation regime based on capacity-based charges will be the only practical means for maintaining a viable and long-term intercarrier regime.”<sup>10</sup> Comporium agrees with the capacity-based foundations of the Universal Telecommunications Freedom (UTF) plan proposed by Frontier Communications. As described by Frontier, “Under such a system, there is no arbitrary rationing of costs, but rather an interconnecting service provider is charged based on the capacity of the interfaces it uniquely employs.”<sup>11</sup>

A capacity-based compensation structure will ensure that carriers who terminate traffic on other carrier networks will have a simple and effective way to identify and recover network costs dedicated to providing network access to specific customers. As the Minnesota Independent Coalition (MIC) correctly notes, “Using capacity-based terminating access rates rather than minutes of use to recover the revenue requirement does not change the need to recover the same amount of revenue, but it may lead to improved efficiency, a goal recognized by the Commission, and improved stability.”<sup>12</sup> Ionary Consulting et al comment that, “A capacity-based option should be made available; even migrating to an unmeasured, capacity-based scheme may be reasonable. Trunk capacity is a surrogate for traffic flow, and it is peak capacity, not minutes of use, that actually imposes most of the cost.”<sup>13</sup>

Comporium continues to support the Home Telephone Company (Home/PBT) reform proposal, which perhaps provides the most direct and sensible approach to competitively neutral

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<sup>10</sup> CCAP, p. 12.

<sup>11</sup> Frontier Communications, p. 7.

<sup>12</sup> The Minnesota Independent Coalition, p. 33.

<sup>13</sup> Ionary Consulting et al, p. 14.

and economically efficient reform. The Home/PBT proposal envisions an environment where all carriers must connect to the public circuit-switched network through a capacity-based, flat-rated charge with a required minimum of one point of interconnection within each LATA for non-rural carriers, and a minimum of one required point of interconnection within each local calling area for rural carriers.<sup>14</sup>

### **C. Revenue Neutral**

Comporium concurs with many commenters that a comprehensive reform proposal must ensure carriers do not experience the erosion of existing revenue streams and provides for revenue neutrality. To the extent that cost-based rates do not replace current access revenues, new cost recovery mechanisms or funds must be available to ensure rural carriers meet carrier of last resort obligations. Comporium supports the implementation of a discrete non-portable access revenue substitution fund very much like the Access Restructure Charge (ARC)<sup>15</sup> proposed by the Expanded Portland Group (EPG), or the High Cost Connection Fund (HCCF)<sup>16</sup> proposed by Home/PBT. The cost recovery mechanisms in these two proposals seek to capture the specific costs associated with compensation reform sought by the Commission, but not recovered explicitly from end users or carriers, and to broaden the fund support base by assessing contributions based on all working telephone numbers. Comporium supports the CCAP recommendation that "...any current access revenues and reciprocal compensation revenues not recovered through capacity-based connection charges should be recovered through a bulk-billed access charge or HCCF."<sup>17</sup> The Home/PBT proposal also proposes to extract Local Switching

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<sup>14</sup> Home Telephone Company (Home/PBT) Ex Parte November 2, 2004, pp. 11-12.

<sup>15</sup> Expanded Portland Group Ex Parte filed November 2, 2004, p. 22.

<sup>16</sup> Home/PBT, p. 15.

<sup>17</sup> CCAP, p. 20.

Support and Interstate Common Line Support from the current universal service fund and roll them into the HCCF<sup>18</sup>, while the EPG claims the ARC will not impact the high cost aspect of the current USF.<sup>19</sup> Comporium believes a cost recovery fund structured like either of these two funds would provide an adequate means to allow carriers to follow a Commission-prescribed reform plan in a revenue-neutral manner, without impacting the economy of service to rural customers. As stated by the Washington Independent Telephone Association, Oregon Telecommunications Association, and the Colorado Telecommunications Association, collectively the Rural Associations, “In order to continue the viability of rural networks, changes to intercarrier compensation should occur only with revenue offsets.”<sup>20</sup> Comporium concurs with JSI “that any compensation plan allow rate-of-return LECs to offset any lost access charges and thus remain ‘revenue neutral’”.<sup>21</sup> “The new mechanism needs to cover both interstate and intrastate intercarrier compensation to the extent that the Commission’s decision requires reductions to interstate and intrastate intercarrier compensation, including any Commission-mandated reductions to interstate access and other revenues below a ROR ILEC’s interstate revenue requirement.”<sup>22</sup> “To achieve such revenue neutrality, the restructuring of intercarrier compensation should not itself cause additional reductions in net revenue to ensure that LECs are compensated for the use of their networks.”<sup>23</sup>

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<sup>18</sup> *Id.*

<sup>19</sup> EPG, p. 7.

<sup>20</sup> Rural Associations, p. 33.

<sup>21</sup> JSI, p. 4.

<sup>22</sup> Minnesota Independent Coalition, p. 14.

<sup>23</sup> United States Telecommunications Association (USTA), p. 17.

#### **IV. NEGOTIATED ARRANGEMENTS SHOULD BE AN ALTERNATIVE TO DEFAULT COMPENSATION RATES**

Comporium believes intercarrier compensation regulations should provide a clear, baseline framework of interconnection and compensation rules, prescribing capacity-based rates to eliminate opportunities for jurisdictional and technological arbitrage. Service providers must have clear expectations regarding the compensation they will receive when other service providers use their network. This understanding of intercarrier rights and responsibilities is imperative if companies are to establish effective retail rates for their lines of business.

However, the default rules must allow for the negotiation of alternative compensation arrangements between carriers. Rural carriers providing service in proximity to urban areas consistently find themselves competing against cable operators and utility services who have “edged-out” from their nearby metropolitan networks, and now offer high capacity and other network access services within the rural carrier’s network. Comporium supports the principle that “Pairs or groups of carriers that exchange substantial amounts of traffic should have the option of entering into agreements that provide for alternative types or amounts of intercarrier compensation...”<sup>24</sup> This flexibility is necessary to allow both non-rural and rural carriers to respond to competitive capacity providers in dynamic environments.

As network technology and the products derived from it continue to evolve, all carriers, even rural, will face competitive entry in some form of another. Comporium supports intercarrier compensation reform that establishes a baseline of unified regulations, and also provides carriers with the ability to negotiate separate compensation arrangements. The USTA

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<sup>24</sup> Interstate Telcom Consulting, Inc. (ITCI), p. 18.

recommends that, “Individual agreements will best reflect costs, adapt to technological change, minimize arbitrage, and promote competition.”<sup>25</sup>

Comporium and other commenters agree intercarrier compensation regulations should prescribe the parameters in which carriers will interconnect with and compensate one another, including the specific rate, absent a negotiated agreement. Carriers subject to both price cap and rate-of-return regulation must have the ability to reach privately negotiated agreements when competing with nonregulated access providers. Comporium urges the Commission to craft its ultimate intercarrier compensation rules with provisions for negotiated commercial access arrangements, which will ensure effective and efficient competition in the marketplace.

## **V. THE FCC HAS JURISDICTION TO IMPLEMENT COMPREHENSIVE REFORM**

Comporium recognizes that any all-encompassing compensation reform proposal adopted by the FCC must address both the state and federal jurisdictions. Intrastate access charges must be accounted for in the new plan, and this not insignificant component of intercarrier compensation has historically been under the oversight of our nation’s Public Service Commissions and Public Utility Commissions (PSCs and PUCs) in the form of access tariffs.

Comporium continues to support the EPG plan and the Cost-Based Intercarrier Compensation Coalition (CBICC) plan in their recommendation of a cooperative effort between both Federal and State Commissions.<sup>26</sup> Comporium recognizes this type of teamwork is the most desirable in order to ensure a smooth transition from the current structure of jurisdictional tariffs and interconnection agreements to a unified compensation regime.

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<sup>25</sup> USTA, p. 16.

<sup>26</sup> EPG, p.28. CBICC Ex Parte filed October 2, 2004, p. 2.

However, should it choose to do so, Comporium also believes the Commission has the authority to adopt and enforce new compensation regulations on its own accord. Likewise, should the Commission choose first to attempt joint federal-state cooperation, and should these efforts fail to reach consensus in a timely manner as determined by the Commission, Comporium believes the Commission may find it necessary to act independently and believes the Commission has the authority to do so. Several commenters, including the Minnesota Independent Coalition, concur that, “The Act was clearly intended to facilitate competition, including competition for local and interstate and intrastate interexchange services. Further, Section 254(g) requires the Commission to adopt rules assuring that both interstate and intrastate toll rates remain geographically averaged.”<sup>27</sup> Comporium also believes the Intercarrier Compensation Forum (ICF) is correct in its reform proposal regarding the interpretation of the relevant aspects of the Telecommunications Act of 1996 (“the Act”) regarding federal preemption, and our support for the plan is confined only to this context.<sup>28</sup> Sections 251(b)(5) and 251(g) of the Act provide the FCC with the authority necessary to implement intercarrier compensation reform for telecommunications service regardless of jurisdictions, should the Commission deem it appropriate. The MIC further comments that, “Given the increasing difficulty of determining the jurisdiction of traffic, the effect on arbitrage, and the adverse effects of arbitrage on federal policy, the Commission is fully justified in including intrastate access rates within its plan to reform intercarrier compensation.”<sup>29</sup> BellSouth also comments on Section 251(g) and notes that this provision singles out exchange access for special treatment and

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<sup>27</sup> MIC, p. 13.

<sup>28</sup> ICF Ex Parte filed October 2, 2004, Section III.A,

<sup>29</sup> MIC, p. 14.

grandfathered existing exchange access provided to interexchange carriers, including “the receipt of compensation.”<sup>30</sup> BellSouth further comments that Section 251(g) applies to exchange access that was provided prior to enactment of the 1996 Act “under any court order, consent decree, or regulation, order, or policy of the Commission.”<sup>31</sup>

Finally, the USTA comments that “In *AT&T v. Iowa Utils. Bd.*, the United States Supreme Court confirmed that section 201(b) rulemaking jurisdiction is not limited to jurisdictionally interstate matters covered in section 201 but extends to all provisions of the Act including provisions added by the 1996 Act encompassing matters that fell within the exclusive jurisdiction of the states before 1996.”<sup>32</sup> Absent a successful collaborative effort between the Commission and the various state regulatory agencies, the FCC clearly has the necessary authority to proceed on its own.

## **VI. UNIVERSAL SERVICE MUST BE PRESERVED**

The Commission must ensure that any adopted reform continues to allow companies to provide telephone service in high cost areas at affordable rates. Rural carriers are more sensitive to intercarrier access revenue losses than larger carriers, and these revenues represent a significant portion of their total revenue. Comporium does not oppose a modest increase in end user rates in order to recover lost intercarrier revenue. However, the use of end user charges as the primary vehicle to achieve revenue neutrality would, without question, impact the affordability of service in rural areas. The Iowa Telecommunications Association agreed by commenting, “If intercarrier compensation reform causes local rates to rise to levels that drive

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<sup>30</sup> BellSouth, p. 43.

<sup>31</sup> *Id.*, p. 43-44.

<sup>32</sup> USTA, p. 25.

appreciable numbers of customers from the network because of affordability, universal service principles are lost.”<sup>33</sup>

Comporium continues to support the implementation of a discrete non-portable access revenue substitution fund very much like the ARC or HCCF as described earlier in Section III.C of these reply comments. Both revenue recovery mechanisms would account for the specific costs associated with compensation reform, but not recovered explicitly from end users of carriers. Assessing contributions based on all working telephone numbers as proposed by these plans would also broaden the fund support base. Comporium believes a cost recovery fund structured like either of these two funds would provide an adequate means to allow carriers to follow a Commission-prescribed reform plan in a revenue-neutral manner, without impacting the economy of service to rural customers. The Minnesota Independent Coalition concurs that “...the Commission should: (a) eliminate the existing USF cap; (b) broaden and stabilize the base for contributions to the existing USF rules on the same basis as the new intercarrier compensation restructuring mechanism (e.g. numbers or connections used, etc.)...” (emphasis added)<sup>34</sup> In its endorsement of the Home/PBT Telecom HCCF, the CCAP states, “Since all carriers receiving numbers from NANPA would be utilizing the PSTN, funding of the HCCF based on activated numbers accomplishes the Commission’s goal of competitive neutrality.”<sup>35</sup> As the National Telecommunications Cooperative Association (NTCA) explains in its proposal for a Residual Access Cost Recovery Mechanism (RACRM), “The new RACRM would compensate rural ILECs for the costs imposed on their networks by other carriers and make up

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<sup>33</sup> Iowa Telecommunications Association (ITA), p. 9.

<sup>34</sup> MIC, p. 39.

<sup>35</sup> CCAP, p. 22.



for the revenue lost through mandatory access charge reductions, not otherwise recovered through other sources of funding.”<sup>36</sup>

Since the overwhelming majority of costs affected by reform are access-related, no reform proposal should allow the porting of access cost recovery away from eligible carriers to carriers with no equivalent network cost. Comporium continues to support the EPG plan approach regarding this issue, and believes carriers who do not currently charge carriers for either switched or special access should not be allowed to receive a windfall of cost recovery revenue when no equivalent cost exists. As the USTA states in its discussion of an Access Restructure/Recovery Mechanism (ARM), “Finally, support from the ARM should not be portable—it reflects a calculation of otherwise un-recovered costs that are unique to the affected carrier. An ARM fails to meet its purpose if made portable.”<sup>37</sup> Furthermore, as the Iowa Telecommunications Association (ITA) points out, “There is no basis to assume that competitive ETCs and ILECs have the same costs, and ITA believes the current system provides an unjustified windfall to any carrier that receives compensation in excess of their own costs.”<sup>38</sup> Finally, in further describing their proposed RACRM, the NTCA maintains, “A new RACRM should not be made portable to competitive local exchange carriers (CETCs) that do not have the same access costs (as rural ILECs). Rural ILEC revenue requirements are derived from their actual costs of providing switching, transport and termination services to competing carriers and customers.”<sup>39</sup>

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<sup>36</sup> National Telecommunications Cooperative Association, p. 55.

<sup>37</sup> USTA, p. 15.

<sup>38</sup> ITA, p. 9.

<sup>39</sup> NTCA, p. 56.

The record demonstrates there is considerable support for a discrete, non-portable funding mechanism that should be maintained separately from the current USF. Comporium and others also continue to support proposals to fund the cost recovery mechanisms with an assessment on assigned or working telephone numbers.<sup>40</sup> Telephone numbers enable access to the public switched telephone network and represent an equitable way for costs to be recovered from those who cause them.

## **VII. NETWORK INTERCONNECTION**

The Commission should give special consideration to the unique, high-cost attributes of rural carrier networks when establishing compensation regulations. Comporium is in agreement with those commenters who propose that, when one of the interconnecting parties is a rural carrier, the Point of Interconnection (POI) must be established within the carrier's local calling area. Comporium agrees with the recommendation of GVNW Consulting that the default POI should not be established at the tandem location as proposed under the Intercarrier Compensation Forum's (ICF) "edge" concept, as this would create the possibility of undue costs on rural customers.<sup>41</sup> The ITCI further comments that, "Although certain rural ILECs would be exempted for a transitional period, the ICF proposal would ultimately force most rural ILECs to incur significant costs to transport local exchange calls to distant points far beyond the existing meet points to which local exchange calls are presently delivered."<sup>42</sup>

Comporium agrees with GVNW Consulting's position that "Under any reform scenario, rural carriers should be permitted to interconnect at existing meet points unless otherwise agreed

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<sup>40</sup> CCAP, p. 13; ICF, p. 31; SBC, p. 30; Time Warner Inc., p. 6; NCTA, p. 5; USTA, pp. 15,21.

<sup>41</sup> GVNW, p. 26.

<sup>42</sup> ITCI, p. 23.

to by the rural carrier, with the interconnection point within the rural carrier's network area."<sup>43</sup> Not establishing regulations such as these will create an undue and substantial shift in network costs to rural carriers simply for the origination and termination of another carrier's traffic. The Minnesota Independent Coalition (MIC) comments that rural networks are rarely interconnected in the same manner as RBOCs, which can provide for a technically feasible, single point of interconnection within an entire LATA.<sup>44</sup> As succinctly stated by the MIC, "Where there is sufficient traffic to justify a direct connection, the interconnection should be somewhere within the local exchange boundary of the...ILEC."<sup>45</sup>

## VIII. CONCLUSION

Numerous commenters recognize both the feasibility and simplicity of capacity-based, revenue neutral compensation reform, which allows carriers to fully recover their embedded network access costs. This type of reform will encourage all ILECs, especially rural ILECs, to invest in the valuable infrastructure necessary to provide basic and advanced services. Thus, customers of rural companies will have access to high-quality services that are reasonably comparable to those available in urban areas and at reasonably comparable rates.

Comporium and other commenters agree the principles and concepts described above will squarely fit with the Commission's original goals and themes provided in the FNPRM including: (1) the promotion of economic efficiency; (2) the promotion of efficient competition; (3) the preservation of universal service; (4) competitive and technological neutrality; (5) a reliance on negotiated agreements rather than rules and regulations; (6) an assessment of

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<sup>43</sup> GVNW, p. 26.

<sup>44</sup> MIC, p. 37.

<sup>45</sup> *Id.*

impacted interconnection rules; (7) the legal authority of the Commission to adopt a proposed regime.<sup>46</sup> We urge the Commission to take this opportunity to promulgate new regulations, which recognize the principles we present here and the unique characteristics of rural companies.

Respectfully submitted,

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<sup>46</sup> FNPRM at § II.B.